

ECA RESEARCH NOTES

Office of the Chief Economist

EUROPE AND CENTRAL ASIA

CLIMATE CHANGE AND EQUITY
MAY 2022



Hi Everyone,

This month, we are stepping back a bit from the acute challenges of the war in Ukraine and the ongoing pandemic recovery to discuss an equally urgent global challenge – climate change and equity. Despite the urgency of dealing with shocks, supporting a green recovery has always been a priority of the pandemic response, and the war has underlined the importance of energy security and the transition to renewables.

But climate policies also need to recognize that one size does not fit all and there are important trade-offs. Climate change is having a disproportionate impact on the poor, despite the fact they do not contribute significantly to carbon emissions. For them, growth and poverty reduction is the priority, although it can be very energy intensive. So, what should we be doing to ensure equitable climate policies? How are we approaching this in the Bank? This was the topic of the May ECA Talk with Esther Duflo and Bank experts to discuss what we can do better. If you missed it, you can watch the recording of the event below. We also include a round-up of research on climate-related themes that are relevant to our region such as urban growth and flood exposure.

As we near the summer, we have an exciting set of events planned in June. Our next ECA talk will be on aid and conflict, and we will also have events focusing on COVID and migration, as well as the impact of refugees. Don't forget to join us.

Happy Reading,
Asli

FEATURE STORY



Good Economics for Warmer Times: Evidence for Effective and Equitable Climate Action

The poorest countries will bear the worst effects of climate change and the highest costs in terms of economic production and higher mortality. Globally, combating climate change will require changes in behavior and consumption patterns. In a recent ECA Talk, Esther Duflo, Abdul Latif Jameel Professor of Poverty Alleviation and Development Economics at the Massachusetts Institute of Technology (MIT) and receiver of 2019 Nobel Prize in Economic Sciences, discussed the disproportionate

impact of climate change on people in poverty, and why countries need to invest in policy innovation to confront climate change.

[Video and event details](#)

Disclaimer: The views expressed by panelists are their own and do not represent the position of the World Bank.

RELATED RESEARCH

[Pandemic, Climate Mitigation, and Reshoring: Impacts of a Changing Global Economy on Trade, Incomes, and Poverty](#)

Maksym Chepeliev, Maryla Maliszewska, Israel Osorio-Rodarte, Maria Filipa Seara e Pereira, and Dominique van der Mensbrugge, *World Bank Policy Research Working Paper 9955 – March 2022*

What shocks to global value chains should be anticipated in the coming years? Is it possible to design policies that can enhance resilience to trade shocks in developing countries without endangering growth? This paper explores simulations from the ENVISAGE global computable general equilibrium model to enhance understanding of the potential longer-term impacts of COVID-19 and the policy responses it engenders in developing countries. The paper assesses the likely impacts of measures designed to reshore production and reduce reliance on imports.

[Rapid Urban Growth in Flood Zones: Global Evidence since 1985](#)

Jun Rentschler, Paolo Avner, Mattia Marconcini, Rui Su, Emanuele Strano, and Stephane Hallegatte, *World Bank Policy Research Working Paper 10014 - April 2022*

This study provides a global analysis of spatial urbanization patterns and the evolution of flood exposure between 1985 and 2015. Using high-resolution annual data, it shows that settlements across the world grew by 85 percent to over 1.28 million square kilometers. In the same period, settlements exposed to the highest flood hazard level increased by 122 percent. Developing countries are driving the recent growth of flood exposure. Rather than adapting their exposure to climatic hazards, many countries are actively increasing their exposure.

[Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030](#)

Bramka Arga Jafino, Brian Walsh, Julie Rozenberg, and Stephane Hallegatte, *World Bank Policy Research Working Paper 9417 - September 2020*

This paper provides updated estimates for the impacts of climate change on extreme poverty in 2030. The range of the number of people falling into poverty due to climate change is between 32 million and 132 million in most scenarios. These results are commensurate with available estimates for the global poverty increase due to COVID-19. Health impacts and the effect of food prices are responsible for most of the impact. These results suggest that accelerated action to boost resilience is urgent, and the COVID-19 recovery packages offer opportunities to do so.

[People in Harm's Way: Flood Exposure and Poverty in 189 Countries](#)

Jun Rentschler and Melda Salhab, *World Bank Policy Research Working Paper 9447 – October 2020*

This study provides a global estimate of the number of people who face the risk of intense fluvial, pluvial, or coastal flooding. The findings suggest that 1.47 billion people, or 19 percent of the world population, are directly exposed to substantial risks during 1-in-100 year flood events. The majority of flood exposed people, about 1.36 billion, are located in South and East Asia; China and India account for over a third of global exposure. Of the 1.47 billion people who are exposed to flood risk, 89 percent live in low- and middle-income countries. About 587 million people face high flood risk, while living on less than \$5.5 per day.

BLOGS

[When poverty meets climate change: A critical challenge that demands cross-cutting solutions](#)

Akihiko Nishio, November 5, 2021

The climate crisis is a deeply unfair one: the poorest people in the world contribute the least to climate change. The World Bank today is the world's



largest multilateral financier of climate action in developing countries. This includes support from IDA, which is sharply focused on supporting countries with investments in clean energy at scale to prevent them from being locked into polluting infrastructure and helping them achieve their energy access goals.



[A just transition away from coal: Vital for people and planet](#)

Jurgen Voegelé, Riccardo Puliti, & Mamta Murthi, October 18, 2021

Transitioning away from coal is one of the most vital steps we can take to fight climate change. The need for a [Just Transition for All](#) to a low carbon economy is an urgent and critical one. But it will not be easy. Phasing out of coal is complex and will take time.



[COVID, climate change and poverty: Avoiding the worst impacts](#)

Stephane Hallegatte & Brian Walsh, October 7, 2020

The new study updates previous estimates that without action climate change could push more than 100 million people into extreme poverty by 2030, with these poverty impacts increasing after 2030 until climate policies succeed in reducing global carbon emissions to zero so that climate change can be stabilized. The study also shows that the impact of climate change on poverty can be halved, if we stay on course with the Sustainable Development Goals.

CALENDAR OF EVENTS & OTHER ACTIVITIES



June 15, 2022, 10:00 AM EDT

Launch of joint **MENA-ECA** flagship report "**Building Resilient Migration Systems in the Mediterranean: Lessons from COVID-19**"



June 16, 2022, 10:00 AM EDT - ECA Talk featuring **William Easterly**, Professor of Economics at New York University and Co-director of the NYU Development Research Institute

June 23, 2022, 10 AM EDT - ECA Talk on Forced Displacement



July 6, 2022, 10:00 AM EDT

Mark your calendars and join **2021 ECA Academy event** with presentations of the winning research.

Check [ECA Talks](#) to learn more about our past and future events.

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